The Central Sales Tax on inter State sale or purchase of goods, which was 4% prior to 1.4.2006, now stands reduced to 2% with effect from 16.2008.

Ministry of Finance has informed that as per Entry 54 of List II of Seventh Schedule of Constitution of India, Sales Tax is a State subject and any decision regarding reduction of Sales Tax has to be taken by the concerned State Governments only.

Reduction of oil prices

1659.SHRI BHAGIRATHI MAJHI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that presently crude oil price has gone down in the international market;

(b) if so, the reasons for not reducing the price of fuel in India, since crude oil price was high in the international market during that time India has increased the fuel price stating that companies are facing loss;

(c) if so, whether Government would reduce the fuel price; and

(d) if so, by what time Government would reduce the fuel price in India?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) to (d) International prices of crude oil and petroleum products have remained volatile during 2008 and in the recent past have shown a downward trend. The Indian basket of crude oil, which averaged $79.25 per barrel during 2007-08 and had gone up to $142.04 per barrel on 3.7.2008, came down to $50.91 per barrel in November, 2008. Despite the recent softening of international crude prices, the average price of the Indian basket of crude oil during 2008-09 (April '08 - 10th December '08) is still high, at $.100.34 per barrel.

Taking into account the recent fall in the international oil prices, Government has reduced the prices of Petrol and Diesel by Rs, 5/- per litre and Rs. 2/- per litre respectively (at Delhi) with corresponding reductions in the rest of the country, with effect from 6.12.2008.

Surplus refining capacity in country

1660.SHRI B.K. HARIPRASAD: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that India has a surplus refining capacity of 150 million tones in 19 refineries against a domestic demand of only 120 million tones of petro products;

(b) whether petroleum products are India's highest forex earner surpassing even gems and jewellery; and

(c) if so, whether Government would continue to allow export of petro products atleast till the total refining capacity exceeds the domestic demand?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) The installed capacity of the Indian Refineries as on 1.4.2008 was 148.968 MMTPA as against an annual consumption of 128.946 MMT of petroleum products.

(b) The annual export of petroleum products in the year 2007-08 was worth Rs. 107603 crores as compared to Rs.79141 crores for 'gems and jewellery'.

(c) Apart from LPG and SKO, all other petroleum products are freely exportable.

Reduction of sales tax on petro-products

1661. SHRI RAJKUMAR DHOOT : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government announced steep hike in selling price of petrol, diesel and LPG in first week of June, 2008 and asked State Governments to reduce sales tax etc. to bring down prices;

(b) if so, the details thereof; and

(c) the position with regard to Union Territories?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) International prices of crude oil and petroleum products have remained volatile in the recent past. The Indian basket of crude oil, which averaged $79.25 per bbl during 2007-08 had gone up to $120.91 per barrel in May '08. It touched an all time high of $142.04 on 3.7.2008. In order to deal with huge under-recoveries of OMCs on sale of sensitive petroleum products, the Government had marginally increased the retail selling prices of Petrol, Diesel and Domestic LPG by Rs.5/- per litre, Rs.3/- per litre and Rs.50/- per 14.2 kg. cylinder respectively with effect from 5.6.2008.

In order to cushion the burden of the price hike on Petrol, Diesel and Domestic LPG effected on 5th June 2008, an appeal was made to the State Governments to moderate the State Taxes and to begin with, at least forego the incremental tax on the said increase on Petrol and Diesel prices. Based on this appeal, several State Governments like West Bengal, Bihar, Maharashtra, Gujarat, Uttar Pradesh, Kerala, Goa, Assam and Uttaranchal have reduced Sales Tax on Petrol and Diesel. The State Governments of Tamil Nadu, Haryana and Jharkhand have reduced Sales Tax on Diesel and the Union Territory of Chandigarh has reduced Sales Tax on Petrol. In addition, the State Governments of Maharashtra, Goa, Gujarat, Haryana, Uttaranchal and Uttar Pradesh as well as the Union Territory of Chandigarh have abolished the VAT on Domestic LPG. State Governments of Delhi and Andhra Pradesh have also provided State subsidy on Domestic LPG.

Setting up of refinery at Kakinada

1662. SHRI NANDI YELLAIAH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Oil and Natural Gas Corporation (ONGC) is contemplating to setup a refinery with 15 million tonne a year capacity at Kakinada, Andhra Pradesh (AP) with an investment of Rs. 20,000 crores approximately;

(b) if so, the details in this regard;

(c) whether on the request of State Government of Andhra Pradesh his Ministry has directed ONGC to expedite preparatory work, like preparation of Draft Project Reports etc.; and